

Why is leadership transition a challenge for NGOs?

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My father was among those Indian Administrative Service (IAS) officers who were deeply involved with what today we call the social sector, civil society or the non-governmental organization (NGO) sector, which in the 1970s and 1980s was called the “voluntary sector”. Playing cricket with many of the remarkable people who worked in it is one of my abiding childhood memories. Over the past 40-odd years, my connections with this world have remained, for many years only loosely. About 15 years ago, I got involved with the sector from the outside, and then, eight years ago, I decided to work in it, leaving the business world. So my life’s trajectory has provided me a continuing view of the evolution of this sector.

In these 40 years, all of us have grown older, including these voluntary sector organizations. Many of them have done great work. But the maladies of age afflict many. The most common of these is the crisis of succession. Effective succession is a challenge in all organizations, but in this sector it is acute.

The founders of these organizations began with a radical vision implemented with passion and through sacrifice. Their work was their life. Time changes all this. Even if they can carry on longer with the old vigour, the passing of the baton is inescapable. Successful ventures face the need to make organizational transitions to a larger size, more resources, and greater numbers of people. This involves a professionalization that older teams often cannot accept. One of two outcomes follow. The founders do not let go. Younger people drift away, and the once young organization stagnates. Alternatively, if they manage to induct new leaders, a generational clash of ideas and intense emotions ensues. Both outcomes weaken the enterprise.

Why are they at this pass, when succession planning is so obviously one of the most important things for any organization? I will highlight four issues. Money, management, ideology and vision.

First, the matter of money. Unlike the business world, the social sector does not generate the resources it needs. Most donor organizations want their money to go directly to programmes that impact the beneficiaries. They under-fund organization development. That is an “overhead”. Thus, the kind of people recruited, their numbers, and the investment in their development, are all constrained. With the everyday struggle to generate resources from donors, which when it arrives is tied to specific projects, any kind of long-range planning is hard.

Management is a bad word in such organizations. Founders are too sceptical of management practices to attend to institution building. Succession planning is neglected. These people have been so fired up by the idea of changing the world that they have assumed nothing else matters. In some cases, it is just negligence. And rare is the independent board, if it exists, that insists on succession planning. In any case, many such organizations operate under a single founder, and if that sole leader does not think of succession, who will?

Third, the matter of ideology. Outsiders to the social sector may find this hard to grasp. There are multiple facets and manifestations of this issue. But at the core is a belief in the supreme virtue of the collective, of the idea of completely democratic decision making, and a stated antipathy to any kind of hierarchy. The notion of leadership is, therefore, suspect. No organization can or does function in this manner. Those who profess such an ideology do not practise it since it is dysfunctional. But immense energy is spent in sustaining the appearance and papering over the contradictions. For some others, this ideological flag-waving is just a ruse to retain the status quo, and a deep unwillingness to let go. In both cases, succession planning is a casualty.

Finally, the matter of vision. Succession is inevitably a time of change that responds to internal and external forces. The organization may face crucial demands from many of its stakeholders. The new generation of leaders may have radical new ideas and new motivations. The founders watch all this with trepidation. They fear that the old values of hard work and austerity are being lost. That success has begotten selfishness. They unconsciously rein in or undermine their successors.

Without effective succession, these organizations will wither or become irrelevant. That is a huge loss to society as they play critical roles and make significant contributions.

Good succession planning takes a decade or more. Most of these leaders do not have that time. They recognize the crisis only when it is almost too late. Three drastic responses are available. One, approach the funders and seek a funding line for succession. Two, announce that the founders are truly, really and completely stepping aside in three years, and so are looking for successors. Three, stop looking for the most competent successor and hand over to the most committed, be it a close friend, colleague or family member. Competence is often overrated, whereas a deep sense of ownership and the hard work that comes along is underrated.

Here are two messages in closing. To funders: If you want strong, stable and scalable NGOs, please support overhead costs to build organizations. To the founders of NGOs: Start planning your succession, you will grow old sooner than you think.

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